අධ්‍යයන පොදු සහතික පත්‍ර (උසස් පෙළ) විභාගය, 2021(2022)
கல்விப் பொதுத் தராதரப் பத்திர (உயர் தர)ப் பரீட்சை, 2021 (2022)
General Certificate of Education (Adv. Level) Examination, 2021 (2022)

ව්‍යාපාර අධ්‍යයනය I
வணிகக் கல்வி I
Business Studies I

32 E I

පැය දෙකයි
இரண்டு மணித்தியாலம்
Two hours

Instructions:
- *Answer **all** questions **on this question paper itself**.*
- *Write your **Index Number** clearly in the space provided above.*
- *Select the correct answers for questions from **1-30** and write its number on the dotted line given.*
- *Write short answers for questions from **31-50** on the dotted line given.*
- *Each question carries **two** marks.*

Index No. : ....

For Examiner's Use Only

for paper I	
Q. Nos.	**Marks**
01 - 30	
31 - 50	
TOTAL	

	Signature	**Code No.**
1st Examiner		
2nd Examiner		
Addl. Chief		
Chief		
E.M.F.		

1. Through every good and service, consumers'
(1) needs are fulfilled.
(2) wants are fulfilled.
(3) needs and wants are fulfilled.
(4) needs are fulfilled using scarce resources.
(5) wants are fulfilled using scarce resources. (......)

2. Primary products mean
(1) by-products.
(2) unprocessed raw materials.
(3) supportive services.
(4) partly finished goods.
(5) finished goods. (......)

3. 'Value added' for a product means, the
(1) cost of raw materials.
(2) cost of production.
(3) sum of the production cost and profit.
(4) difference between production cost and sales price.
(5) value increment at every stage of production. (......)

4. The input - output process of an organization is reflected through the
(1) financial process.
(2) production process.
(3) purchasing process.
(4) marketing process.
(5) information management process. (......)

5. A force of a business's task environment would be
(1) consumers
(2) managers
(3) employees
(4) organizational structures
(5) owners (......)

[See page two

6. By engaging in community welfare services, businesses fulfill social responsibilities for the

(1) government (2) society
(3) country (4) customers
(5) owners (......)

7. When buying goods from a supermarket, a consumer can

(1) get employees' direct attention.
(2) obtain any service.
(3) buy goods on credit.
(4) choose from a range of products.
(5) bargain on the price of the goods. (......)

8. The following table provides the 4R concept of waste management and examples related to them.

Concepts	Examples
(i) Recycle	A - Reading letters on the computer screen instead of printing.
(ii) Replace	B - Use of waste paper to make short notes.
(iii) Reduce	C - Producing Olympic medals using discarded mobile phone parts.
(iv) Reuse	D - Producing organic fertilizer using waste fruits and vegetables.

Based on the order of the concepts stated above, which option correctly matches with the examples?

(1) A, D, B, C (2) B, C, A, D (3) B, D, C, A
(4) D, A, C, B (5) D, C, A, B (......)

9. The following table provides business objectives and activities used to achieve them.

Objectives	Activities
(i) Increase sales revenue	A - Enhancing inter-relations between departments.
(ii) Increase cashflow	B - Improving the quality of goods.
(iii) Increase consumer satisfaction	C - Providing insurance facilities.
(iv) Enhance employees' skills	D - Offering trade discounts.
(v) Increase employee welfare	E - Minimizing the debt turnover period.

Based on the order of the objectives given above, which of the option correctly matches with the activities?

(1) A, D, E, C, B (2) B, E, C, A, D (3) B, C, D, E, A
(4) D, B, A, E, C (5) D, E, B, A, C (......)

10. In tax computation, when a company sells a fixed asset, the amount received in excess of the cost is considered as a

(1) profit (2) capital gain (3) revenue
(4) capital reserve (5) revenue gain (......)

11. Section 24 of the Partnership Ordinance indicates

(1) partners should be paid an interest on capital.
(2) partners are entitled for a 5% interest for the additional capital invested.
(3) a salary should be paid for the services rendered by partners.
(4) a new partner should be admitted with the consent of one partner.
(5) profits or losses should be shared according to the ratio of capital invested by partners. (......)

[*See page three*

12. When comparing with ordinary shareholders, preference shareholders are

	voting rights	priority of refunding investment in liquidation	priority for dividends
(1)	entitled	entitled	entitled
(2)	entitled	entitled	not entitled
(3)	not entitled	not entitled	not entitled
(4)	not entitled	entitled	entitled
(5)	not entitled	not entitled	entitled

(......)

13. Entrepreneurs always
(1) expect financial gains only.
(2) expect a higher social status.
(3) invest resources in new business ventures.
(4) involved in the ongoing business as it is.
(5) allow managers to make all decisions. (......)

14. Online transactions are performed without
(1) institutional involvement.
(2) financial involvement.
(3) electronic equipment involvement.
(4) supplier involvement.
(5) intermediary involvement. (......)

15. Life insurance
(1) is equivalent to a saving.
(2) is based on indemnity principle.
(3) can be transferred to someone else.
(4) is not bounded by a specific risk.
(5) should be renewed annually. (......)

16. Following are some of the employee motivation methods.
A - promotion
B - share ownership
C - awards
D - loan facilities
E - providing products at concessionary prices
F - training
G - bonuses
H - performance evaluation
I - allowances

Out of the above, what is the option which contains only financial motivation methods?
(1) A, C, E, F, G
(2) B, D, E, G, I
(3) B, E, G, H, I
(4) D, E, F, G, H
(5) D, E, G, H, I (......)

17. The following table provides messages and some communication methods.

Messages	Communication Methods
(i) Publishing the list of student names who have passed an examination in a school	A - letter
(ii) Communicating a quick order to an international supplier verbally	B - email
(iii) Informing an employee appointment by post.	C - notice board
(iv) Quickly sending a detailed road map which shows how to reach an organization	D - conference
(v) Conducting an awareness program on economic status of a country	E - telephone call

Which option correctly matches the given order of messages with the communication methods stated above?
(1) B, C, A, E, D
(2) B, C, E, D, A
(3) C, B, D, A, E
(4) C, E, A, B, D
(5) E, B, C, A, D (......)

[*See page four*

18. Following are some of the attributes of a logistics system.

A - Ordering goods
B - Receiving stocks
C - Connecting with customers
D - Promoting sales
E - Retrieving stocks for issue
F - Ensuring quality
G - Inspecting goods
H - Ensuring accuracy
I - Maintaining an equilibrium between demand and supply
J - Involving in research and development activities

Out of the above, what is the option which relates only to attributes of warehousing?

(1) A, B, C, D, I (2) B, C, H, I, J (3) B, E, F, G, H
(4) D, G, E, F, J (5) F, G, H, I, J (......)

19. The following table provides products and some channels of distribution.

Products	Channels of distribution
(i) Vegetables of Nuwara Eliya	A- Producer → Retailer → Consumer
(ii) Imported milk powder	B- Producer → Wholeseller → Retailer → Consumer
(iii) Wedding cake	C- Producer → Consumer
(iv) Small scale home grown fruits	D- Producer → Agent → Wholeseller → Retailer → Consumer

What is the option that correctly matches the given order of products with the relevant channels of distribution?

(1) A, C, B, D (2) A, D, C, B (3) B, C, A, D
(4) B, D, C, A (5) C, B, D, A (......)

20. Managers with human skills

(1) are sensitive to employees' needs.
(2) always provide leadership for employees.
(3) value only the employee skills.
(4) are important for top management only.
(5) are important for middle management only. (......)

21. A business vision indicates

(1) the ability to influence employees in reaching specific goals.
(2) direction of the business should move towards and compresses the entire affairs of the organization.
(3) sharing managers' objectives with employees and motivate them.
(4) that the business is flexible, adaptable and efficient.
(5) the ability of identifying proper strategies for problem-solving. (......)

22. A service providing organisation is distinguished from a manufacturing organisation based on

(1) labour cost. (2) material cost.
(3) capital cost. (4) the direct customer relationship.
(5) the product quality. (......)

23. **Statement A** : 'Quality control' means a process of inspecting products to assure that the production is free from any defect.

Statement B : Since the product does not contain any defects through quality control, every product unit is of high quality.

Out of the above two statements,

(1) **A** is correct and **B** is incorrect.
(2) **A** is incorrect while **B** is correct.
(3) Both **A** and **B** are incorrect.
(4) While both **A** and **B** are correct, **A** is elaborated through **B**.
(5) While both **A** and **B** are correct, **A** is not elaborated through **B**. (......)

[*See page five*

24. Annual fixed cost of a production firm is Rs. 92 000 while raw material and labour cost per unit is Rs. 5. If the selling price of a unit is Rs. 9, the profit earned by producing 25 000 units would be,

(1) Rs. 8 000 (2) Rs. 33 000 (3) Rs. 125 000
(4) Rs. 133 000 (5) Rs. 225 000 (......)

25. Following are some of the activities a business can implement to increase sales

A - providing sponsorships
B - improving efficiency
C - distributing samples
D - reducing prices
E - issuing loyalty points
F - advertising
G - delivering for free
H - providing coupons

Out of the above, what is the option that belongs only to sales promotion?

(1) A, B, E, F, G (2) A, D, E, G, H (3) B, D, E, G, F
(4) C, D, E, G, H (5) C, E, F, G, H (......)

26. The liquidity ratio of a business was 3:1 in 2019 and 1:1 in 2020. This indicates,

Statement A : Liquidity has been improved.
Statement B : Short-term loans could be easily settled.

Out of the above two statements,

(1) **A** is correct while **B** is incorrect.
(2) **A** is incorrect while **B** is correct.
(3) Both **A** and **B** are incorrect.
(4) While both **A** and **B** are correct, **A** is elaborated through **B**.
(5) While both **A** and **B** are correct, **A** is not elaborated through **B**. (......)

27. Out of the following, select the most relevant statement connected to human resource management.

(1) Training of technical employees is orientation.
(2) Employee movement is employee promotions.
(3) Measuring employee work and results is performance evaluation.
(4) Training of employees is on-the-job training.
(5) The training to enhance job performance is employee development. (......)

28. Out of following which one is **not** included in the category of specialized financial institutions?

(1) Unit trusts. (2) Stocks brokers.
(3) Venture capital companies (4) Primary dealers.
(5) Insurance companies. (......)

29. Some of the data and information of a business are given below.

A - Timetables
B - Weight per unit
C - Student record books
D - Price of products
E - Payment vouchers
F - Quantity sold
G - Names of employees
H - Cash receipts
I - Tax codes

Out of the above, what is the option which contains only data?

(1) A, C, F, G, H (2) B, D, F, G, I (3) B, D, E, G, I
(4) C, D, E, G, H (5) C, E, F, H, I (......)

30. Fixed cost of a biscuit manufacturing company is Rs. 2 000. Variable labour cost per unit is Rs. 5. Average cost of producing 1000 units would be

(1) Rs. 2 (2) Rs. 3.50 (3) Rs. 7 (4) Rs. 10 (5) Rs. 12 (......)

[See page six

- Answer Question No. **31** to **40,** by filling in the blanks with a **suitable word / words**.

31. (a) Based on physical existence, a computer is an example for a .... good and a computer software is an example for an .... good.

(b) Conducting all types of business activities via the internet is electronic .... and it is a sub-set of electronic ....

32. (a) The process of spliting the target market is called as market .... and creating a positive attitude in consumers' mind for a brand is called as market ....

(b) While traders create a .... brand, a national brand is created by ....

33. (a) A toothpaste tube is a .... package and the box it contains is a .... package.

(b) While ordinary shares belong to .... capital, preference shares belong to .... capital.

34. State the functions of money relating to the examples given below.

Examples	Function
1. Buying a watch for Rs. 8 000	1. ....
2. Saving Rs.25 000	2. ....
3. Buying goods on credit and paying after 6 months	3. ....
4. Pricing a mobile phone for Rs. 30 000	4. ....

35. (a) Non-store .... means a trade which is conducted without a .... store.

(b) B2G is a business model which trades goods, services and information via internet from .... to ....

36. (a) The Standing Rate Corridor of the Central Bank of Sri Lanka consists of standing .... facility rate and standing .... facility rate.

(b) Chief Executive Officer (CEO) belongs to the .... management and sales manager belongs to the .... management.

37. (a) Indo - Lanka trade agreement is a .... lateral agreement where as North American Free Trade Agreement (NAFTA) is a .... lateral agreement.

(b) ISO .... is relevant for environmental management and ISO 22000 is relevant for .... security management.

38. (a) Personnel connected with information systems are called as .... whereas permanently stored software of a device is called as ....

(b) Resignation from employment is an act of an .... whereas termination from employment is an act of an ....

[*See page seven*

39. (a) Job vacancies of an organization can be filled by .... as well as .... personnel.

(b) Payments made for employees for normal working hours are .... and payments made for additional working hours are ....

40. (a) Payment for suppliers of a cashflow statement is considered as an .... activity and purchasing of fixed assets is considered as an .... activity.

(b) The Central Depository Systems (Private) Limited is a wholly owned subsidiary of the Colombo Stock Exchange which functions as a market .... and .... house.

- Answer question No. **41 - 50**, writing the **suitable answers** in the space provided.

41. State **four** ways how the government support and direction for businesses would be important for a businessman.

(1) ....
(2) ....
(3) ....
(4) ....

42. Write **four** characteristics of a business which comes under the purview of a local authority.

(1) ....
(2) ....
(3) ....
(4) ....

43. Name **four** main resources required for a business.

(1) ....
(2) ....
(3) ....
(4) ....

44. State **two** listed and non-listed businesses for each based on ownership.

Listed	Non-Listed
(1)	(1) ....
(2)	(2) ....

45. State **four** types of factors that differentiate small and medium scale businesses from large scale businesses.

(1) ....
(2) ....
(3) ....
(4) ....

46. Name **four** types of computer network systems which can be used for a business.

(1) ....
(2) ....
(3) ....
(4) ....

[*See page eight*

47. Based on the statements given below, name the most relevant stakeholder of a business.

Statement	Stakeholder
1. Return on investment is higher than the previous year	1. ....
2. When compared to the other companies, this company provides a greater value for the products purchased.	2. ....
3. It is important to pay more attention for product pricing and marketing tools.	3. ....
4. This company has ensured employee job security.	4. ....

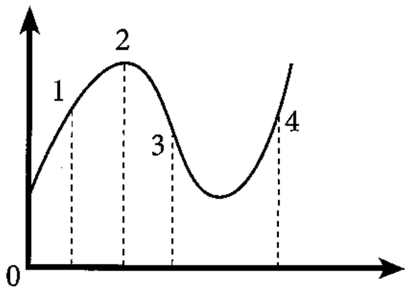
48. Write **two** pros and cons of a wider span of control, when compared to a narrower span of control.

pros	cons
(1)	(1) ....
(2)	(2) ....

49. Write an opportunity and a threat which can occur through electronic marketing to businessman and consumer.

	Businessman	Consumer
Opportunity	....	....
Threat	....	....

50. Name the stages indicated by 1, 2, 3 and 4 of the product life cycle shown below.



(1) ....

(2) ....

(3) ....

(4) ....

* * *

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Department of Examinations, Sri Lanka

අධ්‍යයන පොදු සහතික පත්‍ර (උසස් පෙළ) විභාගය, 2021(2022)
கல்விப் பொதுத் தராதரப் பத்திர (உயர் தர)ப் பரீட்சை, 2021 (2022)
General Certificate of Education (Adv. Level) Examination, 2021 (2022)

ව්‍යාපාර අධ්‍යයනය II
வணிகக் கல்வி II
Business Studies II

32 E II

පැය තුනයි
மூன்று மணித்தியாலம்
Three hours

අමතර කියවීම් කාලය - මිනිත්තු 10 යි
மேலதிக வாசிப்பு நேரம் - 10 நிமிடங்கள்
Additional Reading Time - 10 minutes

Use additional reading time to go through the question paper, select the questions you will answer and decide which of them you will prioritise.

Instructions:
* *Answer* ***five*** *questions selecting at least* ***two*** *questions from each part.*

Part I

1. Automobile Company Limited assembles and sells zero-emission motor vehicles in Sri Lanka. Although a large number of employees work in the company, an employee performs only a single task. In addition, the company offers after-sales-services for customers. Moreover, the company began to produce spare parts this year. The company pays a large sum of income tax to the government and contributes to regional infrastructure development.

(i) (a) Name the **two** products that the company offers for customers with examples. (02 *marks*)

(b) State **four** ways how the company has contributed to sustain the economy. (02 *marks*)

(ii) (a) Based on the above case, name **four** forces that influence the business of the company. (02 *marks*)

(b) Explain **two** reasons why businesses should aim for profits. (02 *marks*)

(iii) (a) In addition to the after-sales-services, briefly describe **two** other services that can be offered by the company for customers. (02 *marks*)

(b) Explain what is meant by "an employee performs only a single task" and state **two** advantages the company can obtain from it. (03 *marks*)

(iv) Explain **three** benefits the business could accomplish by fulfilling social responsibilities. (03 *marks*)

(v) Explain **four** ways in which motor vehicle manufactures could contribute to environmental sustainable development. (04 *marks*)

(*Total* 20 *marks*)

2. Below are some opinions shared by Mrs. Shalika about her apparel production business.

"Although the business which I have started by investing a small amount of money is challenging, it is subjected to a few rules and regulations in operations. All the decisions and responsibilities about the business are undertaken by myself. Eventhough, I intend to convert this business into a partnership, my accountant stated that it is appropriate to register as a private limited company."

(i) (a) Indicate the type of the above business based on ownership. (01 *mark*)

(b) Using the above scenario, state **three** reasons for classifying the business as above in (a). (03 *marks*)

[See page two

(ii) (a) Describe the procedure to be followed if Shalika intends to register her business as 'Viana Textiles'. (02 *marks*)

(b) Name **one** internal and **one** external sources of funding Shalika's business can use and state an advantage of each. (02 *marks*)

(iii) (a) State **four** limitations of Shalika's business. (02 *marks*)

(b) If Shalika expects to establish a sales outlet to sell her products, name the type of business combination it belongs to and explain it briefly. (02 *marks*)

(iv) State **four** benefits Shalika can enjoy by converting her business into a partnership. (04 *marks*)

(v) (a) Write **four** advantages that can be claimed by registering a business as a private limited company compared to a partnership. (02 *marks*)

(b) State **four** characteristics of a public corporation. (02 *marks*)

(*Total* 20 *marks*)

3. (i) (a) State **four** non-financial incentives the government offers to promote small and medium enterprises in Sri Lanka. (02 *marks*)

(b) Indicate **four** functions of venture capital companies. (02 *marks*)

(ii) (a) Indicate **four** advantages businesses could gain through stabilizing the value of local currency by the Central Bank of Sri Lanka. (02 *marks*)

(b) Briefly describe **two** roles of primary dealers in the capital market. (02 *marks*)

(iii) (a) State **four** advantages businessmen can obtain through the services of leasing companies. (02 *marks*)

(b) Write **two** advantages and **two** disadvantages the customers can get from Automated Banking Service. (02 *marks*)

(iv) (a) If you make a payment to Chathura Bandara by a cheque worth of Rs. 50 000,

1. Show the way of crossing the cheque to ensure maximum security. (01 *mark*)
2. Indicate **two** instances where a cheque is dishonoured. (01 *mark*)

(b) 1. State a reason for issuing a post dated cheque. (01 *mark*)

2. State whether such a cheque can be deposited in a bank by an ordinary account holder before the given date. Give reasons for your answer. (01 *mark*)

(v) Briefly describe **two** advantages and **two** disadvantages of increasing in import duty for domestic businesses. (04 *marks*)

(*Total* 20 *marks*)

4. (i) (a) Write **two** benefits employees obtain through a minimum wage stipulated by the government. (02 *marks*)

(b) Describe **two** advantages for an exporter through a letter of credit. (02 *marks*)

(ii) (a) Write **two** dissimilarities between debit cards and credit cards. (02 *marks*)

(b) Indicate **two** advantages and **two** disadvantages of digital currency. (02 *marks*)

(iii) (a) Briefly describe the procedure to be followed in selling a good using e-trade. (02 *marks*)

(b) State **two** ways how new technology can be used for retailing, providing an example for each. (02 *marks*)

(iv) (a) State **two** benefits of conducting staff meetings by a manager in communicating information. (02 *marks*)

(b) State **four** main objectives of the International Monetary Fund (IMF). (02 *marks*)

(v) Explain **four** suggestions for promoting foreign trade in Sri Lanka with examples. (04 *marks*)

(*Total* 20 *marks*)

[*See page three*

Part II

5. Management means 'the process of achieving business goals and objectives in a dynamic environment using limited resources in an effective and efficient manner with diverse people in a collective way.'

(i) (a) Identify **four** management concepts included in the above definition. (02 *marks*)

(b) Explain the difference between goals and objectives of a business. (02 *marks*)

(ii) (a) Briefly explain why technical skills are highly important for front-line managers. (02 *marks*)

(b) State **four** benefits the management of a business could enjoy by delegating authority to lower managers. (02 *marks*)

(iii) (a) Describe **two** ways how effective planning becomes important for a business.(02 *marks*)

(b) Name **four** sources of power a manager is entrusted with. (02 *marks*)

(iv) Following informations provided about Thilakshi's business.

- Maximum material consumption - 200 units per day.
- Minimum material consumption - 120 units per day.
- Re-order period - minimum 10 days and maximum 12 days.
- Re-order quantity - 1600 units.

Compute the following

(a) Re-order level

(b) Minimum stock level

(c) Maximum stock level

(d) Average stock (04 *marks*)

(v) As a manager, explain the decision-making process involved in buying a computer out of five types of computers available in the market with examples. (04 *marks*)

(*Total* 20 *marks*)

6. (i) (a) Indicate **four** criteria to be considered in selecting a production method. (02 *marks*)

(b) State **four** reasons for the suitability of Computer Aided Manufacturing (CAM) system in the process production. (02 *marks*)

(ii) (a) Define 'labour productivity' and describe **two** methods that an organization can adopt to improve it. (02 *marks*)

(b) Describe two ethics a manufacturer should consider when manufacturing goods. (02 *marks*)

(iii) (a) State **four** benefits a business could obtain through effective communication. (02 *marks*)

(b) Write **four** limitations of electronic communication. (02 *marks*)

(iv) (a) Why a manager is considered as an entrepreneur in Mintzberg's managerial role of decision making? (01 *mark*)

(b) State **three** benefits that an organization and employees can obtain through motivation. (03 *marks*)

(v) Explain how a green entrepreneur is important for an economy with **two** examples. (04 *marks*)

(*Total* 20 *marks*)

[*See page four*

7. A soap manufacturing firm produces and sells products for different customer groups under diverse trade names. Prior to introducing a new product, the firm conducts market research.

(i) (a) Describe why the firm produces products for different customer groups. (02 *marks*)

(b) Indicate with reasons whether the firm adopts a customer concept or a selling concept. (02 *marks*)

(ii) (a) What is the consumer product category that this product belongs to? (01 *marks*)

(b) Describe **three** advantages that can be obtained by a firm by conducting market research prior to introducing new products. (03 *marks*)

(iii) Write **four** strategies that can be adopted to extend a Product's Life Cycle (PLC) when it reaches the maturity stage. (04 *marks*)

(iv) (a) State **four** benefits that a firm can obtain by preparing a financial budget. (02 *marks*)

(b) Write **four** examples for capital investment decisions. (02 *marks*)

(v) (a) State what is 'operating ratios' and write **two** advantages of it. (02 *marks*)

(b) Explain what is meant by 'inter-bank call money market'. (02 *marks*)

(*Total* 20 *marks*)

8. (i) (a) Indicate **four** advantages that an organization can realize by recruiting employees externally. (02 *marks*)

(b) Explain **two** disadvantages that can occur through 'on the job training'. (02 *marks*)

(ii) (a) Describe **two** ways how performance evaluation is important for an organization. (02 *marks*)

(b) Explain **two** methods an organization can adopt in selecting the most suitable job candidate with examples. (02 *marks*)

(iii) (a) Indicate **four** functions of an effective information system. (02 *marks*)

(b) Write **two** advantages and **two** disadvantages for a business when exchanging information through the internet. (02 *marks*)

(iv) (a) State **two** reasons which reflect the importance of a business plan. (01 *marks*)

(b) Briefly explain **three** instances where preparation of a business plan is required. (03 *marks*)

(v) The total cost of production is Rs 25 million where Rs 15 million is fixed. The total income of the business is Rs 20 million. Sales forecasts reported that there will be a high demand for this product in future. The production manager of the firm suggested to discontinue the product, where as, the sales manager suggested to continue with it. Mentioning your decision whether to continue or discontinue the product, explain **three** reasons for your answer. (04 *marks*)

(*Total* 20 *marks*)

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